

CONTRACT COMPLIANCE AND PAY FOR PERFORMANCE

Except as defined below or where the context requires otherwise, all capitalized terms shall have the meanings ascribed to them in the Contract.

A. Contract Compliance

1. Non-compliance Remedies. It is the State's primary goal to ensure that the Contractor is delivering quality care to members. To assess attainment of this goal, the State monitors certain quality and performance standards, and holds the Contractor accountable for being in compliance with contract terms. OMPP accomplishes this by working collaboratively with the Contractor to maintain and improve programs, and not to impair Contractor stability.

In the event that the Contractor fails to meet performance requirements or reporting standards set forth in the RFS, any Attachment to the RFS, the contract or other standards established by the State, the State will provide the Contractor with a written notice of non-compliance and may require any of the corrective actions or remedies discussed below. The State will provide written notice of non-compliance to the Contractor within 60 calendar days of the State's discovery of such non-compliance.

If OMPP elects not to exercise a corrective action clause contained anywhere in the RFS, any Attachment to the RFS or contract in a particular instance, this decision must not be construed as a waiver of the State's right to pursue future assessment of that performance requirement and associated damages, including damages that, under the terms of the RFS, any Attachment to the RFS or contract, may be retroactively assessed.

2. Corrective Actions. In accordance with 42 CFR 438, Subpart I, OMPP may require corrective action(s) when the Contractor has failed to provide the requested services. The nature of the corrective action(s) will depend upon the nature, severity and duration of the deficiency and repeated nature of the non-compliance. The written notice of non-compliance corrective actions may be instituted in any sequence and include, but are not limited to, any of the following:

- Written Warning: OMPP may issue a written warning and solicit a response regarding the Contractor's corrective action.
- Formal Corrective Action Plan: OMPP may require the Contractor to develop a formal corrective action plan to remedy the breach. The corrective action plan must be submitted under the signature of the Contractor's chief executive and must be approved by OMPP. If the corrective action plan is not acceptable, OMPP may provide suggestions and direction to bring the Contractor into compliance.

- Withholding Full or Partial Capitation Payments: OMPP may suspend capitation payments for the following month or subsequent months when the State determines that the Contractor is non-compliant. OMPP must give the Contractor written notice 10 business days prior to the suspension of capitation payments and specific reasons for non-compliance that result in suspension of payments. The State may continue to suspend all capitation payments until non-compliance issues are corrected.
- Suspending Auto-assignment: OMPP may suspend auto-assignment of members to the Contractor. The State may suspend all auto-assignment or may selectively suspend auto-assignment for a region, county or a specific provider. The State will notify the Contractor in writing of its intent to suspend auto-assignment at least 10 business days prior to the first day of the suspension period. The suspension period may be for any length of time specified by the State. The State will base the duration of the suspension upon the nature and severity of the default and the Contractor's ability to cure the default.
- Assigning the Contractor's Membership and Responsibilities to Another Contractor: The State may assign the Contractor's membership and responsibilities to one or more other Contractors that also provide services to the Hoosier Healthwise population, subject to consent by the Contractor that would gain that responsibility. The State must notify the Contractor in writing of its intent to transfer members and responsibility for those members to another Contractor at least 10 business days prior to transferring any members.
- Appointing Temporary Management of the Contractor's Plan: The State may assume management of the Contractor's plan or may assign temporary management of the Contractor's plan to the State's agent, if at any time the State determines that the Contractor can no longer effectively manage its plan and provide services to members.
- Contract Termination: The State reserves the right to terminate the contract, in whole or in part, due to the failure of the Contractor to comply with any term or condition of this contract, or failure to take corrective action as required by OMPP to comply with the terms of this contract. The State must provide 30 calendar days written notice and must set forth the grounds for termination. See Section 12.1 for the basis upon which the State may terminate the contract.

3. Liquidated Damages. In the event that the Contractor fails to meet performance requirements or reporting standards set forth in the RFS, any Attachment to the RFS, the contract, or other standards set forth by the State, it is agreed that damages shall be sustained by the State, and the Contractor shall pay to the State its actual or liquidated damages according to the following subsections and subject to the limitations provided in 42 USC Chapter Seven, Subchapter XIX, Section 1396u-2 (e).

It is agreed that in the event of a failure to meet specified performance or reporting requirements subject to liquidated damages, it is and will be impractical and extremely difficult to ascertain and determine the actual damages which the State will sustain in the event of, and by reason of, such failure; and it is therefore agreed that the Contractor will pay the State for such failures

according to the following subsections. No punitive intention is inherent in the following liquidated damages provisions.

OMPP may impose remedies resulting from failure of the Contractor to provide the requested services depending on the nature, severity and duration of the deficiency. In most cases, liquidated damages will be assessed based on this Attachment. Should OMPP choose not to assess damages for an initial infraction or deficiency, it reserves the right to require corrective action or assess damages at any point in the future.

The State shall notify Contractor of liquidated damages due and Contractor shall pay the State the full amount of liquidated damages due within ten (10) business days of receipt of the State's notice. The State may, in its sole discretion, elect at any time to offset any amount of liquidated damages due against capitation payments otherwise due Contractor pursuant to the Contract.

In the event liquidated damages are imposed under the Contract, the Contractor must provide the Office with a formal corrective action plan, as well as monthly reports on the relevant performance metrics until such time as the deficiency is corrected for a period of 60 consecutive days.

4. Non-compliance with Reporting Requirements. The Contractor Reporting Manual details the required formats, templates and submission instructions for the reports listed in this RFS. OMPP may change the frequency of required reports, or may require additional reports, at OMPP's discretion. The Contractor will be given at least 30 calendar days notice of any change to reporting requirements.

If the Contractor's non-compliance with the reporting requirements impacts the State's ability to monitor the Contractor's solvency, and the Contractor's financial position requires the State to transfer members to another Contractor, the State will require the Contractor to pay any difference between the capitation rates that would have been paid to the Contractor and the actual rates being paid to the replacement Contractor as a result of member transfer. In addition the Contractor must pay any costs the State incurs to accomplish the transfer of members. Further, OMPP will withhold all capitation payments or require corrective action until the Contractor provides satisfactory financial data.

5. Priority Performance and Reporting Requirements. The Office has assigned high priority to the following reports (collectively referred to herein as "Priority Reports"):

No	Title
A.	Systems and Claims Reports
1.	Claims Processing Summary
2.	Adjudicated Claims Inventory Summary
3.	Claims Denial Reasons
B.	Member Services Reports

No	Title
1.	Member Helpline Performance
2.	Member Grievances and Appeals
3.	Consumer Assessment of Healthcare Providers and Systems (CAHPS®) Summary
C.	Network Development and Access Reports
1.	Network Geographic Access Assessment
2.	24-Hour Availability Audit
D.	Provider Services Reports
1.	Provider Claims Disputes
2.	Provider Helpline Performance
E.	Quality Management and Improvement Reports
1.	Quality Management and Improvement Work Plan
2.	HEDIS® Data Submission Tool Report
3.	HEDIS® Compliance Auditor's Final Report
4.	Case/Care Management Report
5.	New Member Health Assessment Report
F.	Utilization Reports
1.	Capitation Rate Calculation Sheet Report
2.	Program Integrity Plan Report
G.	Financial Reports
1.	Indiana Department of Insurance (IDOI) Filing
2.	Reimbursement for FQHC and RHC Services
3.	Quarterly Analysis by Line of Business (Hoosier Healthwise line of business and HIP line of business must be reported separately)
H.	POWER Account Reports

No	Title
1.	POWER Account Reconciliation Report
2.	POWER Account Roll-over Report
I.	Other Reports
1.	Monthly Onsite Monitoring Report
2.	Annual Lifetime Benefit Report (HIP)
3.	Pregnancy Notification Report (HIP)

Minimum recommended sample sizes for Hybrid and Survey measures must be met. Any report which requires a minimum sample size (e.g., CAHPS, HEDIS) will be rejected if they do not meet the established minimum standards for sampling.

If Contractor fails to submit any Priority Report (other than the HEDIS and CAHPS reports), Contractor will pay liquidated damages of four thousand, six hundred and fifty four dollars (\$4,654) for each Priority Report (other than the HEDIS or CAHPS reports) that is not submitted in a timely, complete and accurate manner.

If Contractor fails to submit a HEDIS or CAHPS report that was based on the NCQA methodology for sampling data, Contractor will pay liquidated damages of four thousand, nine hundred and thirty one dollars (\$4,931) for each business day the report is not submitted in a timely, complete and accurate manner.

Payment of liquidated damages does not relieve Contractor of its responsibility to provide complete and accurate reports required under the Contract.

6. Non-compliance with Other Reporting Requirements. If Contractor fails to submit in a timely, complete, and accurate manner any report, other than the Priority Reports identified above, which Contractor is required to provide under the Contract or Contractor Reporting Manual, Contractor will pay liquidated damages of four hundred and eighty two dollars (\$482) per report for each business day for which such report has not been submitted correctly, complete, on time, and in the correct reporting format. The reports which Contractor is required to provide are identified in the Contractor reporting manual. Payment of liquidated damages does not relieve Contractor of its responsibility to provide any report required under the Contract.

7. Capitation Rate Calculation Sheet (CRCS). The Office recognizes the importance of monitoring Contractor performance throughout the calendar year, and Contractor will be required to submit quarterly Capitation Rate Calculation Sheet (CRCS) reports to the Office in a timely, complete and accurate manner, for both the HIP and Hoosier Healthwise programs. CRCS reports are due within one hundred and thirty-five (135) calendar days of the end of each calendar quarter. Each quarterly report must include year-to-date information and must be

verified to a degree of at least 98% completeness for all claims (i.e., an incompleteness rate of no more than 2%). The Plan Reporting Manual details the requirements for submission of CRCS reports.

The Office will use Contractor's encounter data, or other method of data completion verification deemed reasonable by the Office, to verify the completeness of the CRCS report in comparison to Contractor's encounter claims. The Office reserves the right to change the method of data completion verification upon reasonable advance notice to the Contractor.

CRCS reports are considered Priority Reports. To the extent CRCS data or underlying encounter data is used in a public report, it must be received by stated deadline in order to be published.

If, during any quarter after the first year of the contract, Contractor fails to submit Capitation Rate Calculation Sheet (CRCS) reports to the Office in a timely, complete and accurate manner, and does not meet the 98% completeness threshold, the Contractor will pay liquidated damages of forty nine thousand, one hundred and ninety two dollars (\$49,192), per quarter, per program.

Payment of liquidated damages does not relieve Contractor of its responsibility to provide complete and accurate Capitation Rate Calculation Sheet (CRCS) reports required under the Contract.

8. Non-compliance with Shadow/Encounter Claims Submission Requirements.

Payment of liquidated damages as outlined below does not relieve Contractor of its responsibility to provide complete and accurate shadow/encounter claims required under the Contract.

a. Weekly Batch Submission. The Contractor must submit at least one batch of shadow claims, in the format specified by the State, before 5 p.m. on Wednesday of each week, for both institutional and professional claims, in accordance with the terms of the Contract and Scope of Work. If, during any calendar month, Contractor fails to submit all shadow/encounter claims on a weekly basis when due, unless delay is caused by technical difficulties of the Office, Contractor will pay liquidated damages in the amount of four thousand, eight hundred and twenty one dollars (\$4,821) for each claim type for which shadow/encounter claims were not submitted in a timely manner.

b. Pre-cycle Edits. For each weekly shadow claims batch submission, Contractor must achieve no less than a ninety-eight percent (98%) compliance rate with pre-cycle edits. The State will assess pre-cycle edit compliance based upon the average compliance rate of the weekly shadow claims batch submissions made during the calendar month. If the average compliance rate is below ninety-eight percent (98%), Contractor will pay liquidated damages in the amount of four thousand, eight hundred and twenty one dollars (\$4,821).

9. Network Access. If the Office determines that the Contractor has not met the network access standards established in the Scope of Work, the Office shall impose sanctions on the Contractor and require submission of a Corrective Action Plan to the Office within ten (10) business days following imposition of sanctions. Determination of failure to meet network access standards shall be made following a review of the Contractor's Network Geographic Access Assessment Report. The frequency of required report submission shall be outlined in the

Reporting Manual. Contractor will pay liquidated damages in the amount of five thousand, two hundred and twenty seven dollars (\$5,227) for each reporting period that the Contractor fails to meet the network access standards. Upon discovery of noncompliance, the contractor shall be required to submit monthly Network Geographic Access Assessment Reports until compliance is demonstrated for 60 consecutive days. OMPP may also require the Contractor to maintain an open network for that provider type. Further, should Contractor be liable for liquidated damages for three (3) consecutive months as a result of failure to meet network access standards, the Office shall immediately suspend auto-enrollment of members with the Contractor, until such time as Contractor successfully demonstrates compliance with the network access standards.

10. Marketing Violations. If the Office determines that Contractor has violated the requirements of Contractor's obligations with respect to marketing and marketing materials as set forth in Section 6.1 of the Scope of Work and 42 CFR 438.104, Contractor will pay liquidated damages of nine hundred and seventeen dollars (\$917) for each instance that such determination of a violation is made. For illustration purposes only, a violation will be determined to exist if Contractor distributed, directly or indirectly through any agent or independent contractor, marketing materials that have not been approved by the Office or that contain inaccurate, false or misleading information.

11. Member and Provider Communication and Education Violations. If the Office determines that Contractor has violated the requirements of Contractor's obligations with respect to member and or provider communication or education materials as set forth in Section 6.5 of the Scope of Work and 42 CFR 438.104, Contractor will pay liquidated damages of nine hundred and seventeen dollars (\$917) for each instance that such determination of a violation is made. In addition, the Office reserves the right to require an immediate retraction or correction by the Contractor, in a format acceptable to the Office. For illustration purposes only, a violation will be determined to exist if Contractor promulgated or distributed, directly or indirectly through any agent or independent contractor, member and or provider communication or education material that have not been approved by the Office or that contain inaccurate, false or misleading information. For further illustration, a violation will be determined to exist if the Contractor distributes any member or provider communication, including member or provider letters, bulletins, alerts, press releases or other press communications, bulletins and forms, without prior approval by the Office. For purposes of this Attachment, provider communications are limited to provider communications related to the Hoosier Healthwise and/or HIP programs.

12. Claims Payment. If Contractor fails to pay or deny ninety-eight per cent (98%) or more of any type of clean claims within the required timeframe, Contractor shall pay liquidated damages in the amount of five thousand, three hundred and ninety five dollars (\$5,395) for each deficient claims type. For the purposes of this section there are four claims types: professional paper claims, professional electronic claims, facility paper claims, and facility electronic claims.

13. Readiness Review. If Contractor fails to satisfactorily pass the readiness review at least thirty (30) calendar days prior to scheduled member enrollment (or other deadline as may be

established at the sole discretion of the State), the State may delay member enrollment and/or may require other remedies (including, but not limited to contract termination), and Contractor shall be responsible for all costs incurred by the State as a result of such delay.

In addition, for each business day that Contractor fails to submit readiness review responses beyond their expected due date, Contractor shall pay liquidated damages in the amount of five thousand, four hundred and thirty eight dollars (\$5,438). Damages will be assessed each time the requirements are not met. In each instance that Contractor fails to submit substantially complete and accurate readiness review responses, Contractor shall pay liquidated damages in the amount of three thousand, seventeen dollars (\$3,017).

14. Member/Provider Helpline and Website Services. There are twelve (12) separate Helpline and Website metrics. For each instance in which the Office finds the Contractor has failed to meet a metric for a given quarter, the Contractor shall pay liquidated damages in the amount of one thousand, three hundred and fifty four dollars (\$1,354).

Helpline and Website Metrics: The twelve (12) metrics are as follows:

- i. For any calendar month, at least ninety-seven percent (97%) of all phone calls to the Helpline must reach the call center menu within thirty (30) seconds.
- ii. For any calendar month, at least eighty-five percent (85%) of all phone calls to an approved automated Helpline must be answered by a Helpline representative within thirty (30) seconds after the call has been routed through the call center menu. Answered means that the call is picked up by a qualified Helpline staff person.
- iii. For any calendar month, at least ninety-five percent (95%) of all phone calls to an approved automated Helpline must be answered by a Helpline representative within sixty (60) seconds after the call has been routed through the call center menu. Answered means that the call is picked up by a qualified Helpline staff person.
- iv. If Contractor does not maintain an approved automated call distribution system then, for any calendar month, at least ninety-five percent (95%) of all phone calls to the Helpline must be answered within thirty (30) seconds.
- v. For any calendar month, the busy rate associated with the Helpline shall not exceed zero percent (0%).
- vi. Hold time shall not exceed one minute in any instance, or 30 seconds, on average
- vii. For any calendar month, the lost call (abandonment) rate associated with the Helpline shall not exceed five percent (5%).
- viii. Contractor must maintain an answering machine, voice mail system or answering service to receive calls to the Helpline that take place after regular business hours. For any calendar month, one hundred percent (100%) of all after hours calls received must be returned or attempted to be returned within the next business day.

- ix. Contractor must maintain a system to receive and address e-mail inquiries. For any calendar month, one hundred percent (100%) of all e-mail inquiries received must be responded to within the next business day.
- x. Contractor's Helpline at all times must be properly equipped to accept calls including, without limitation, calls from members with limited English proficiency and calls from members who are deaf, hearing impaired or have other special needs.
- xi. For any calendar month, eighty-five percent (85%) of all calls to the Helpline must be resolved during the initial call.
- xii. Contractor must make pertinent information available to members and providers through an Internet website in an Office-approved format in accordance with the terms of the Contract and Scope of Work including, without limitation, Sections 6.4.2 and 7.8 of the Scope of Work. The website must be available for access by members no less than twenty three and one-half (23.5) hours per day, on average.

15. Prior Authorization. Contractor must respond to requests for authorization of services in the format and within the timeframes set forth in the Contract including, without limitation, those set forth in Section 8.2.2 of the Scope of Work and in the Contractor's RFS response. For each quarter in which the Contractor fails to respond to ninety-seven per cent (97%) or more of prior authorization requests within the required timeframes, Contractor shall pay liquidated damages in the amount of five thousand, seven hundred and twelve dollars (\$5,712).

16. Member Grievances. Contractor must resolve 100% of member grievances within twenty (20) business days of receipt of the grievance. For each quarter in which Contractor fails to provide and communicate a timely resolution on 100% of member grievances, Contractor shall pay liquidated damages in the amount of two thousand, seventy three dollars (\$2,073).

17. Member Appeals. Contractor must resolve 100% of member appeals within thirty (30) business days of receipt of the appeal. For each quarter in which Contractor fails to provide and communicate a timely resolution on 100% of member appeals, Contractor shall pay liquidated damages in the amount of two thousand, seventy three dollars (\$2,073).

18. Complaints and IQ Inquiries. The Contractor must resolve complaints and IQ inquiries to the Office's satisfaction, within the timeframes set forth by OMPP. The Contractor may request additional time to respond, but OMPP is under no obligation to grant extensions. For each instance in which the Contractor fails to provide a timely and accurate response to complaints or IQ inquiries within the timeframes set forth by OMPP, Contractor shall pay liquidated damages in the amount of two hundred and fifty one dollars (\$251).

19. POWER Account Performance. Contractor must provide POWER Account services within the timeframes specified below. For each instance in which Contractor fails to meet the requirements of this section, Contractor shall pay liquidated damages in the amount of one thousand, six hundred and fifty dollars (\$1,650).

- a. Funds deposited by the State must be credited to a member's account within 2 calendar days.
- b. Member contributions via direct deposit or payroll withholding must be available for member use within 2 calendar days of deposit.
- c. Member contributions via mailed paper check must be available for member use within 5 calendar days after the check has cleared. Member contributions via money order must be available for member use within 5 calendar days of payment receipt.
- d. In the event that a member loses eligibility, the Contractor will refund the member the balance of their POWER account within 60 calendar days of the date the member loses eligibility.
- e. In the event that a member loses eligibility, the Contractor will refund the State the balance of their POWER account within 185 calendar days of the date the member loses eligibility.
- f. POWER Account Reconciliation Files (PRFs) must be submitted in a timely and accurate manner for all members (including those with zero contributions), based upon the timeframes specified by the State.

20. CHIP and M.E.D. Works Premium Collections. Contractor must meet the CHIP and M.E.D. Works premium collection performance standards specified below. For each instance in which Contractor fails to meet the requirements of this section, Contractor shall pay liquidated damages in the amount of one thousand, six hundred and fifty dollars (\$1,650).

- a. Mail premium vouchers to new enrollees no later than twenty-four (24) hours after receiving enrollee information on the daily file.
- b. Mail premium vouchers to new enrollees no later than forty-eight (48) hours after receiving enrollee information on the monthly file.
- c. Issue premium invoices on a timely basis according to OMPP specifications, one hundred percent (100%) of months for which a premium is required.
- d. Issue premium invoices with the correct total amount due for one hundred percent (100%) of premium invoices.
- e. Maintain an average membership drop off rate of eight percent (8%) or less based on non-payment of premium.
- f. Transfer receipt electronically to the State of Indiana, and notify FSSA financial management of amounts transferred, on a daily basis.
- g. Post one hundred percent (100%) of payments received correctly and in a timely manner.

- h.** Ensure one hundred percent (100%) of adjustments to premium accounts are correct.
- i.** Successfully complete one hundred percent (100%) of daily and monthly file transfers.
- j.** Complete each daily and monthly file transfer with zero (0) incorrect individual records on a file. Incorrect individual records are records sent to ICES containing erroneous information about an individual, case, or sequence

21. Member Health Screening. Contractor must conduct health screenings for new members enrolled with the Contractor on or after February 1, 2011 within ninety (90) days of the date of the member's enrollment in the Contractor's plan. For each quarter in which Contractor fails to conduct assessments screenings for at least 70% of applicable members within ninety (90) days of the date of the member's enrollment in the Contractor's plan, based upon members assigned to the Contractor as of the last day of the quarter who have been assigned to the Contractor for a continuous period of at least ninety (90) days, Contractor shall pay liquidated damages in the amount of four thousand, six hundred and thirty seven dollars (\$4,637). New members shall not include members previously enrolled in the Contractor's plan in the last twelve (12) months, or members enrolled in the Contractor's plan in the month of January 2011.

22. ESP Transfer. On an annual basis, the Contractor shall be subject to an audit of its transfers of HIP members to the ESP. The State will audit a minimum of ten percent (10%) of all the referred cases. If the results of the audit indicate that inappropriate referrals have been made in greater than ten percent (10%) of the audited cases the Contractor shall pay liquidated damages as follows:

If the State's auditor finds that inappropriate referrals have been made in greater than ten percent (10%) and less than or equal to twenty percent (20%) of audited cases, the Contractor shall pay liquidated damages in the amount of one percent (1%) of the total capitation (including administrative portion) received during the audit period.

If the State's auditor finds that inappropriate referrals have been made in greater than twenty percent (20%) or more of audited cases, the Contractor shall pay liquidated damages in the amount of two percent (2%) of the total capitation (including administrative portion) received during the audit period.

The Contractor shall also be responsible for all claims costs incurred during enrollment in the ESP by any individually audited member deemed by the State's auditor to have been inappropriately referred to the ESP by the Contractor. The State shall pay the Contractor the applicable capitation rate, minus the administrative portion, for each individual audited member for whom Contractor must pay the claims cost for the period of such member's ESP enrollment.

23. Plan Solvency. If Contractor fails to meet solvency performance standards set forth below and as may be amended by the State, Contractor will be subject to corrective actions as set forth in the Contract, including but not limited to contract termination.

- a. On a quarterly basis, current ratio (assets to liability) will be greater than or equal to one.
- b. On a quarterly basis, the number of days cash on hand will not be fewer than 60 business days. Contractors may not count Hoosier Healthwise Package C (CHIP) premiums or POWER Account balances as cash on hand. OMPP reserves the right to adjust the required number of days of cash on hand based on historical Contractor performance and the ability of the Contractor to demonstrate solvency.
- c. On a quarterly basis, days in unpaid claims will not be greater than 65 business days.
- d. On a quarterly basis, days in claims receivables will not be greater than 30 business days.
- e. On a quarterly basis, equity (net worth) will be maintained at or above \$50 per member.

24. Non-compliance with General Contract Provisions. The objective of this requirement is to provide the State with an administrative procedure to address issues where the Contractor is not compliant with the contract. Through routine monitoring, the State may identify contract non-compliance issues. If this occurs, the State will notify the Contractor in writing of the nature of the non-performance issue. The State will establish a reasonable period of time, but not more than 10 business days, during which the Contractor must provide a written response to the notification. If the Contractor does not correct the non-performance issue within the specified time, the State may enforce any of the remedies listed in this Attachment.

Specifically, the State may enforce any of the remedies listed if the Contractor does the following:

- Fails substantially to provide medically necessary services that the Plan is required to provide, under law or under its contract with the State, to a member;
- Imposes on members premiums or charges that are in excess of the premiums or charges permitted under the Programs;
- Acts to discriminate among members on the basis of their health status or need for health care services, such as unlawful termination or refusal to re-enroll a member or engaging in any practice that would reasonably be expected to discourage enrollment by a potential enrollee whose medical condition or history indicates probable need for substantial future medical services;
- Misrepresents or falsifies information that it furnishes to CMS or to the State.
- Misrepresents or falsifies information that it furnishes to a member, potential enrollee, or health care provider;
- Fails to comply with the requirements for physician incentive plans, as set forth in 42 CFR 422.208 and 422.210;
- Has violated any of the other applicable requirements of sections 1903(m) or 1932 of the Act and any implementing regulations.

25. Other Non-Performance. If Contractor fails to meet the other performance standards set forth in the Contract or Scope of Work, Contractor will be subject to corrective actions as set forth in the Contract.

B. Pay for Performance Program

1. Program Establishment and Eligibility. The Office has established a pay for performance program under which Contractor may receive additional compensation if certain conditions are met. Compensation under the pay for performance program is subject to Contractor's complete and timely satisfaction of its obligations under the Contract. This includes but is not limited to timely submission of the Contractor's HEDIS Report for the measurement year and the Certified HEDIS Compliance Auditor's attestation, as well as timely submission of the Priority Reports listed in Section A.5 of this Attachment. In furtherance of the foregoing and not by limitation, the Contractor may, in the Office's discretion, lose eligibility for compensation under the pay for performance program if:

- a.** The Office has suspended, in whole or in part, capitation payments or enrollment to the Contractor;
- b.** The Office has assigned, in whole or in part, the membership and responsibilities of Contractor to another participating managed care plan contractor;
- c.** The Office has assumed or appointed temporary management with respect to the Contractor;
- d.** The Contract has been terminated;
- e.** The Contractor has, in the determination of the Director of the Office of Medicaid Policy and Planning, failed to execute a smooth transition at the end of the Contract term, including failure to comply with the MCO responsibilities set forth in the Scope of Work; or
- f.** Pursuant to the Contract including without limitation this Attachment, the Office has required a corrective action plan or assessed liquidated damages against Contractor in relation to its performance under the Contract during the measurement year.

The Office may, at its option, reinstate Contractor's eligibility for participation in the pay for performance program once Contractor has properly cured all prior instances of non-compliance of its obligations under the Contract, and the Office has satisfactory assurances of acceptable future performance.

2. Incentive Payment Potential.

a. Withhold. During each measurement year, the Office will withhold a portion of the approved capitation payments from Contractor as follows:

- Year 1 – one percent (1.0%)
- Year 2 – one and one fourth percent (1.25%)
- Year 3 – one and one half percent (1.5%)
- Year 4 – one and three fourths percent (1.75%)
- Year 5 – two percent (2.0%)

Year 6 – two percent (2.0%)

Capitation payments will be withheld separately for the Contractor's Hoosier Healthwise and HIP lines of business. Contractor may be eligible to receive some or all of the withheld funds based on Contractor's performance in the areas outlined in Section B.4.a, B.5.a, and Section B.6 of this Attachment. Withhold payments will be calculated as set forth in Section B.4.a, B.5.a and Section B.6 of this Attachment. The State reserves the right to adjust performance measures and targets in future contract years.

b. Bonus. Contractor may be eligible to receive a bonus payment based on achievement of maternity-related performance targets set forth in Section B.4.b and B.5.b of this Attachment. The bonus payment will be calculated as set forth in Section B.4.b and B.5.b.

c. Additional Maternity Payments and Incentives. The Office will reimburse Contractor \$60 for each Notification of Pregnancy (NOP) form completed and submitted to the Office in accordance with the standards set forth by the Office. This payment will be made on a monthly basis with capitation payments. The Contractor must distribute the entire \$60 payment to the physician that completed the NOP form on behalf of the pregnant member.

For each NOP form completed and submitted to the Office in accordance with the standards set forth by the Office, the Office shall deposit \$40 in a birth outcomes bonus pool. Contractors may be eligible to receive a bonus payment in the amount of some or all of the birth outcomes bonus pool funds based on its achievement of an improved cesarean section rate. The bonus payment will be calculated as set forth in Section B.4.b.ii.

NOP forms must be submitted in the form and manner set forth by the Office. Reimbursement is limited to one NOP form per member, per pregnancy. In order to qualify for reimbursement, the NOP form must meet standards set forth by the Office.

3. 2011 Performance Measures and Targets. The performance measures, targets and incentive payment opportunities for calendar year 2011 are set forth below.

The 2011 performance measures and targets are based on the priority areas established by the Office. Performance measures and targets may change on a year-to-year basis as program priorities shift and as necessary to support continuous quality improvement. The performance measures and targets applicable during subsequent years of the Contract will be established annually by the Office and reflected in an amendment to the Contract.

4. 2011 Performance Measures and Incentive Payment Structure – Hoosier Healthwise. Contractor performance will be calculated based on care delivered during the 2011 calendar year. Future incentive payments for any measure will be conditioned upon Contractor maintaining or improving Contractor's performance from the prior year.

As identified below, some incentives are payable in the form of a withhold, while other incentives are payable in the form of a bonus. Any measure identified as using HEDIS specifications is bound to the HEDIS specifications for the measurement year. The final audited

HEDIS rates will be used to determine incentives and bonus amounts when HEDIS is identified as the measure type. Other measures will be paid based on custom specifications and performance will be determined by OMPP or designee.

Contractor shall submit information to the Office, in the format and detail specified by the Office, with respect to each performance measure set forth below. The Office will use Contractor's audited HEDIS report and final CAHPS survey vendor report for the measurement year to determine Contractor's eligibility for certain incentive payments. The audited hybrid HEDIS rate will be used only in cases where HEDIS accepts hybrid data. Contractor shall submit Contractor's HEDIS Report for the measurement year and the Certified HEDIS Compliance Auditor's attestation. For CAHPS, the Contractor must submit the survey vendor's final report.

Incentive payments are also conditioned upon Contractor's submission of audited and certified HEDIS data for the 2011 measurement year. The HEDIS Data Submission Tool is due to the Office by July 31, 2009. The HEDIS Auditor's final report is due to the Office within ten (10) business days of receiving the report from the auditor. These reports are considered Priority Reports and must be received by stated dates. Any unaudited data received, data not meeting established minimum standards for sampling, or data received after required submission date, will not be eligible for an incentive payment.

a. Incentive Payments – Withholds – Hoosier Healthwise. The following incentives are payable in the form of a withhold. For purposes of this subsection only, the amount withheld shall be referred to as the "Performance Withhold." For 2011 only the Performance Withhold is defined as the total withhold (1.0% of the Contractor's approved capitation payment), less one hundred and ninety six thousand, seven hundred and sixty eight dollars (\$196,768).

The amount of the Performance Withhold at risk varies by measure. The amounts of Performance Withhold at risk listed below are rounded to the nearest hundredth decimal point.

- i. *ER bounce back within 30 days.*** Custom measure using administrative data. Percentage of ER visits that result in a second ER visit within 30 days of initial ER visit. ER visit defined by HEDIS Ambulatory Care Measure (AMB). Exclude ER visits that result in an inpatient admission. Continuous enrollment for 30 days after initial ER visit is required.

Amount of Performance Withhold at risk: 15%

If Contractor's 2011 measurement year rate is at or below 19% but not below 18%, Contractor is eligible to receive an incentive payment equal to fifty percent (50%) of the amount of the Performance Withhold at risk.

If Contractor's 2011 measurement year rate is at or below 18% but not below 17%, Contractor is eligible to receive an incentive payment equal to seventy-five percent (75%) of the amount of the Performance Withhold at risk.

If Contractor's 2011 measurement year rate is at or below 17% Contractor is eligible to receive an incentive payment equal to one hundred percent (100%) of the amount of the Performance Withhold at risk.

- ii. ***Well child visits (0-15 months) – legacy Contractors only.*** Percentage of members with 6 or more visits during the first 15 months of life. HEDIS measure (HEDIS W15) using hybrid data.

Amount of Performance Withhold at risk: 15%

If Contractor's 2011 measurement year rate is at or above the 50th percentile and below the 75th percentile of NCQA Medicaid (2010), Contractor is eligible to receive an incentive payment equal to fifty percent (50%) of the amount of the Performance Withhold at risk.

If Contractor's 2011 measurement year rate is at or above the 75th percentile and below the 90th percentile of NCQA Medicaid (2010), Contractor is eligible to receive an incentive payment equal to seventy-five percent (75%) of the amount of the Performance Withhold at risk.

If Contractor's 2011 measurement year rate is at or above the 90th percentile of NCQA Medicaid (2010), Contractor is eligible to receive an incentive payment equal to one hundred percent (100%) of the amount of the Performance Withhold at risk.

- iii. ***Well child visits (0-12 months) – new Contractors only.*** Percentage of members with 5 or more visits during the first 12 months of life. Custom measure using administrative data. Use HEDIS W15 specifications with modification to only include 12 months of eligibility and visits.

Amount of Performance Withhold at risk: 15%

If Contractor's 2011 measurement year rate is at or above 57.5% and below 64.5%, Contractor is eligible to receive an incentive payment equal to fifty percent (50%) of the amount of the Performance Withhold at risk.

If Contractor's 2011 measurement year rate is at or above 64.5% and 73.7% Contractor is eligible to receive an incentive payment equal to seventy-five percent (75%) of the amount of the Performance Withhold at risk.

If Contractor's 2011 measurement year rate is at or above 73.7% Contractor is eligible to receive an incentive payment equal to one hundred percent (100%) of the amount of the Performance Withhold at risk.

- iv. ***Well child visits (3-6 years).*** Percentage of members ages 3-6 years with one or more well child visit during the measurement year. HEDIS measure (HEDIS W34) using hybrid data.

Amount of Performance Withhold at risk: 15%

If Contractor's 2011 measurement year rate is at or above the 50th percentile and below the 75th percentile of NCQA Medicaid (2010),

Contractor is eligible to receive an incentive payment equal to fifty percent (50%) of the amount of the Performance Withhold at risk.

If Contractor's 2011 measurement year rate is at or above the 75th percentile and below the 90th percentile of NCQA Medicaid (2010), Contractor is eligible to receive an incentive payment equal to seventy-five percent (75%) of the amount of the Performance Withhold at risk.

If Contractor's 2011 measurement year rate is at or above the 90th percentile of NCQA Medicaid (2010), Contractor is eligible to receive an incentive payment equal to one hundred percent (100%) of the amount of the Performance Withhold at risk.

- v. ***Adolescent well child visits (12-21 years).*** Percentage of members 12-21 years who had at least one comprehensive well child exam with a PCP or OB/GYN practitioner. HEDIS measure (HEDIS AWC) using hybrid data.

Amount of Performance Withhold at risk: 15%

If Contractor's 2011 measurement year rate is at or above the 50th percentile and below the 75th percentile of NCQA Medicaid (2010), Contractor is eligible to receive an incentive payment equal to fifty percent (50%) of the amount of the Performance Withhold at risk.

If Contractor's 2011 measurement year rate is at or above the 75th percentile and below the 90th percentile of NCQA Medicaid (2010), Contractor is eligible to receive an incentive payment equal to seventy-five percent (75%) of the amount of the Performance Withhold at risk.

If Contractor's 2011 measurement year rate is at or above the 90th percentile of NCQA Medicaid (2010), Contractor is eligible to receive an incentive payment equal to one hundred percent (100%) of the amount of the Performance Withhold at risk.

- vi. ***Follow-up after hospitalization for mental illness.*** Percentage of members who received follow-up within 7 days of discharge from hospitalization for mental health disorders. HEDIS measure (HEDIS FUH) using administrative data.

Amount of Performance Withhold at risk: 10%

If Contractor's 2011 measurement year rate is at or above the 50th percentile and below the 75th percentile of NCQA Medicaid (2010), Contractor is eligible to receive an incentive payment equal to fifty percent (50%) of the amount of the Performance Withhold at risk.

If Contractor's 2011 measurement year rate is at or above the 75th percentile and below the 90th percentile of NCQA Medicaid (2010), Contractor is eligible to receive an incentive payment equal to seventy-five percent (75%) of the amount of the Performance Withhold at risk.

If Contractor's 2011 measurement year rate is at or above the 90th percentile of NCQA Medicaid (2010), Contractor is eligible to receive an incentive payment equal to one hundred percent (100%) of the amount of the Performance Withhold at risk.

- vii. *Post-partum visits.*** Percentage of deliveries that had a postpartum visit on or between 21 and 56 days after delivery. (Includes deliveries between Nov 6th of the year prior to the measurement year and Nov 5th of the measurement year.) HEDIS measure using hybrid data.

Amount of Performance Withhold at risk: 10%

If Contractor's 2011 measurement year rate is at or above the 90th percentile of NCQA Medicaid (2010), Contractor is eligible to receive an incentive payment equal to one hundred percent (100%) of the amount of the Performance Withhold at risk..

- viii. *Comprehensive diabetes care – cholesterol screening.*** Percentage of diabetic members that received a LDL-C screening during the measurement year. HEDIS measure (HEDIS CDC) using hybrid data.

Amount of Performance Withhold at risk: 10%

If Contractor's 2011 measurement year rate is at or above the 25th percentile and below the 50th percentile of NCQA Medicaid (2010), Contractor is eligible to receive an incentive payment equal to fifty percent (50%) of the amount of the Performance Withhold at risk.

If Contractor's 2011 measurement year rate is at or above the 50th percentile and below the 75th percentile of NCQA Medicaid (2010), Contractor is eligible to receive an incentive payment equal to seventy-five percent (75%) of the amount of the Performance Withhold at risk.

If Contractor's 2011 measurement year rate is at or above the 75th percentile of NCQA Medicaid (2010), Contractor is eligible to receive an incentive payment equal to one hundred percent (100%) of the amount of the Performance Withhold at risk.

- ix. *Physicians advising smokers to quit.*** Percentage of smokers advised to quit during at least one visit with health care provider during the measurement year. CAHPS survey.

Amount of Performance Withhold at risk: 10%

If Contractor's 2011 measurement year rate is at or above 70% and below 73%, Contractor is eligible to receive an incentive payment equal to fifty percent (50%) of the amount of the Performance Withhold at risk.

If Contractor's 2011 measurement year rate is at or above 73% and below 76%, Contractor is eligible to receive an incentive payment equal to seventy-five percent (75%) of the amount of the Performance Withhold at risk.

If Contractor's 2011 measurement year rate is at or above 76%, Contractor is eligible to receive an incentive payment equal to one hundred percent (100%) of the amount of the Performance Withhold at risk.

b. Incentive Payments – Bonuses – Hoosier Healthwise. The following incentives are payable in the form of a bonus. The bonus payment will be calculated as set forth below.

i. Cesarean delivery rate bonus.

If Contractor's measurement year cesarean delivery rate is at or below 29%, but above 28%, the Contractor is eligible to receive a bonus equal to 50 percent of the funds deposited in the birth outcomes bonus pool set forth in Section B.2.c during that calendar year.

If Contractor's measurement year cesarean delivery rate is at or below 28%, but above 27%, the Contractor is eligible to receive a bonus equal to 75 percent of the funds deposited in the birth outcomes bonus pool set forth in Section B.2.c during that calendar year.

If Contractor's measurement year cesarean delivery rate is at or below 27%, the Contractor is eligible to receive a bonus equal to 100 percent of the funds deposited in the birth outcomes bonus pool set forth in Section B.2.c during that calendar year.

ii. Generic dispensing rate (GDR) bonus (legend and non-legend). The GDR is calculated by dividing the number of paid generic pharmacy claims (both legend and non-legend) by the total number of paid pharmacy claims (both legend and non-legend). OMPP will calculate Contractor's 2011 Hoosier Healthwise GDR using pharmacy claims in the state's Business Objects Pharmacy Claims Universe for Contractor's Hoosier Healthwise members in calendar year 2011.

If a Contractor's 2011 Hoosier Healthwise GDR is at or above 77.5 percent and below 80 percent, the Contractor is eligible to receive a bonus equal to \$0.25 per member per month.

If a Contractor's 2011 Hoosier Healthwise GDR is at or above 80 percent, the Contractor is eligible to receive a bonus equal to \$0.50 per member per month.

iii. Medication utilization trend rate bonus. Medication utilization rates will be calculated by OMPP on an annual basis. The 2011 medication utilization rate will be compared to a baseline rate calculated by OMPP for the Hoosier Healthwise population for calendar year 2010. Rates will be stratified in the following categories, without regard to age or gender:

- Hoosier Healthwise Package A and B
- Hoosier Healthwise Package C
- MA-U Category

If Contractor's 2011 utilization trend rate is below 1 percent, Contractor is eligible to receive a bonus equal to \$0.50 per member per month.

5. 2011 Performance Measures and Incentive Payment Structure – HIP. Contractor performance will be calculated based on care delivered during the 2011 calendar year. Future incentive payments for any measure will be conditioned upon Contractor maintaining or improving Contractor's performance from the prior year.

As identified below, some incentives are payable in the form of a withhold, while other incentives are payable in the form of a bonus. Any measure identified as using HEDIS specifications is bound to the HEDIS specifications for the measurement year. The final audited HEDIS rates will be used to determine incentives and bonus amounts when HEDIS is identified as the measure type. Other measures will be paid based on custom specifications and performance will be determined by OMPP or designee.

Contractor shall submit information to the Office, in the format and detail specified by the Office, with respect to each performance measure set forth below. The Office will use Contractor's audited HEDIS report and final CAHPS survey vendor report for the measurement year to determine Contractor's eligibility for certain incentive payments. The audited hybrid HEDIS rate will be used only in cases where HEDIS accepts hybrid data. Contractor shall submit Contractor's HEDIS Report for the measurement year and the Certified HEDIS Compliance Auditor's attestation. For CAHPS, the Contractor must submit the survey vendor's final report.

Incentive payments are also conditioned upon Contractor's submission of audited and certified HEDIS data for the 2011 measurement year. The HEDIS Data Submission Tool is due to the Office by July 31 of each year. The HEDIS Auditor's final report is due to the Office within ten (10) business days of receiving the report from the auditor. These reports are considered Priority Reports and must be received by stated dates. Any unaudited data received, data not meeting established minimum standards for sampling, or data received after required submission date, will not be eligible for an incentive payment.

a. Incentive Payments – Withholds – HIP. The following incentives are payable in the form of a withhold. For purposes of this subsection only, the amount withheld shall be referred to as the "Performance Withhold." For 2011 only the Performance Withhold is defined as the total withhold (1.0% of the Contractor's approved capitation payment), less one hundred and ninety six thousand, seven hundred and sixty eight dollars (\$196,768).

The amount of the Performance Withhold at risk varies by measure. The amounts of Performance Withhold at risk listed below are rounded to the nearest hundredth decimal point.

- i. ***ER Admissions per 1000 member months.*** Rate of ER visits per 1000 member months. HEDIS AMB specifications available during the measurement year will be followed for performance measurement.

Amount of Performance Withhold at risk: 50%

If Contractor's 2011 measurement year rate is at or above 85 visits per 1000 member months and below 90 visits per 1000 member months, Contractor is eligible to receive an incentive payment equal to fifty percent (50%) of the amount of the Performance Withhold at risk.

If Contractor's 2011 measurement year rate is at or above 80 visits per 1000 member months and below 85 visits per 1000 member months, Contractor is eligible to receive an incentive payment equal to seventy-five percent (75%) of the amount of the Performance Withhold at risk.

If Contractor's 2011 measurement year rate is below 80 visits per 1000 member months, Contractor is eligible to receive an incentive payment equal to one hundred percent (100%) of the amount of the Performance Withhold at risk.

- ii. ***Roll-over Measure.*** During the first measurement year, this measure will be defined as the percentage of members that obtain a preventive exam during the measurement year. Preventive exam is defined in the Preventive Services Policy. Only the codes and code combinations listed in the categories 'Preventive Care Counseling Office Visit' and 'Alternative Preventive Care Counseling Visit' are applicable to this measure. (see Scope of Work Section 4.6 and the Preventive Services Policy).

During the first measurement year, the Roll-over pay-for-performance measure will only include the preventive exam. OMPP intends to collect and review data for other preventive services, including, but not limited to the following: breast cancer screening, cervical cancer screening, colorectal cancer screening, appropriate treatment for chronic conditions (e.g., diabetes, cardiovascular disease, asthma), and additional preventive services recommended by the US Preventive Services Task Force or other nationally recognized organization. In future years of the contract, OMPP may add additional preventive services and targets to the Roll-over pay-for-performance measure to ensure that members are receiving appropriate and adequate age, gender, and diagnosis preventive care.

Amount of Performance Withhold at risk: 40%

If Contractor's 2011 measurement year rate is at or above 75% and below 80%, Contractor is eligible to receive an incentive payment equal to fifty percent (50%) of the amount of the Performance Withhold at risk.

If Contractor's 2011 measurement year rate is at or above 80% and below 85%, Contractor is eligible to receive an incentive payment equal to seventy-five percent (75%) of the amount of the Performance Withhold at risk.

If Contractor's 2011 measurement year rate is at or above 85%, Contractor is eligible to receive an incentive payment equal to one hundred percent (100%) of the amount of the Performance Withhold at risk.

- iii. ***Physicians advising smokers to quit.*** Percentage of smokers advised to quit during at least one visit with health care provider during the measurement year. The Contractor's validated CAHPS survey results will be used to measure performance.

Amount of Performance Withhold at risk: 10%

If Contractor's 2011 measurement year rate is at or above 70% and below 73%, Contractor is eligible to receive an incentive payment equal to fifty percent (50%) of the amount of the Performance Withhold at risk.

If Contractor's 2011 measurement year rate is at or above 73% and below 76%, Contractor is eligible to receive an incentive payment equal to seventy-five percent (75%) of the amount of the Performance Withhold at risk.

If Contractor's 2011 measurement year rate is at or above 76%, Contractor is eligible to receive an incentive payment equal to one hundred percent (100%) of the amount of the Performance Withhold at risk.

b. Incentive Payments – Bonuses – HIP. The following incentives are payable in the form of a bonus. The bonus payment will be calculated as set forth below.

- i. ***Generic dispensing rate (GDR) bonus (legend and non-legend).*** The GDR is calculated by dividing the number of paid generic pharmacy claims (both legend and non-legend) by the total number of paid pharmacy claims (both legend and non-legend). OMPP will calculate Contractor's 2011 HIP GDR using pharmacy claims in the state's Business Objects Pharmacy Claims Universe for Contractor's HIP members in calendar year 2011.

If Contractor's 2011 HIP GDR is at or above 77.5 percent and below 80 percent, Contractor is eligible to receive a bonus equal to \$0.25 per member per month.

If Contractor's 2011 HIP GDR is at or above 80 percent, Contractor is eligible to receive a bonus equal to \$0.50 per member per month.

- ii. ***Medication utilization trend rate bonus.*** Medication utilization rates will be calculated by OMPP on an annual basis. The 2011 medication utilization rate will be compared to a baseline rate calculated by OMPP for the HIP population for calendar year 2010.

If Contractor's 2011 medication utilization trend rate is below 1 percent, Contractor is eligible to receive a bonus equal to \$0.50 per member per month.

6. Capitation Rate Calculation Sheet (CRCS) Withhold. The Office recognizes the importance of monitoring Contractor performance throughout the calendar year, and Contractor will be required to submit quarterly Capitation Rate Calculation Sheet (CRCS) reports to the Office in a timely, complete and accurate manner. CRCS reports are due within one hundred and thirty-five (135) days of the end of each calendar quarter. Each quarterly report must include year-to-date information.

For 2011 Contractor will be eligible to receive forty nine thousand, one hundred and ninety two dollars (\$49,192) of the funds withheld from Contractor's approved capitation payments for Hoosier Healthwise, and forty nine thousand, one hundred and ninety two dollars (\$49,192) of the funds withheld from Contractor's approved capitation payments for HIP for each quarter that the CRCS report:

- a. Is submitted in a timely, complete and accurate manner; and
- b. Can be verified to a degree of at least 98% completeness for all claims (i.e., an incompleteness rate of no more than 2%). The Office will use Contractor's encounter data, or other method of data completion verification deemed reasonable by the Office, to verify the completeness of the CRCS report in comparison to Contractor's encounter claims. The Office reserves the right to change the method of data completion verification upon reasonable advance notice to the Contractor.

CRCS reports are considered Priority Reports. To the extent CRCS data or underlying encounter data is used in a public report, such as a public report identified in Section B.10 below, it must be received by stated deadline in order to be published.

7. Timing of Payments.

- a. **2011 Performance Measures and Targets.** The Office will make its best efforts to distribute a report identifying Contractor's performance during calendar year 2011 and the amount of incentive payments, if any, earned for such year as respects each performance measure identified in Sections B.4 and B.5 above by October 1, 2012. The Office will make its best efforts to distribute payment to Contractor, subject to Section B.8 below, by October 31, 2012.
- b. **NOP Forms.** NOP payments of \$60 will be made with capitation payments. An additional \$40 will be held until the performance for the C-section bonus measure is determined. The State will distribute bonus monies according to the Section B.4.b.i above.
- c. **CRCS Report Submission.** The Office will make its best efforts to distribute any incentive payments Contractor is eligible to receive under Section B.6 above within ninety (90) days of receiving the CRCS report. Payments are subject to Section B.8 below.

8. Conditions to Incentive Payments. The Office will not have any obligation to distribute incentive payments to Contractor if the Office has made a determination that Contractor is not eligible to participate in the pay for performance program, as described in Section B.1 above.

The Office will not distribute any incentive payments to Contractor if Contractor has not submitted the Contractor's audited HEDIS Report for the measurement year and the Certified HEDIS Compliance Auditor's attestation. The Office will not distribute any incentive payments to Contractor if Contractor's audited HEDIS Report is not based on the NCQA methodology for sampling of data.

In addition to the foregoing and not by limitation, the Office will not distribute any bonus payments the Contractor is eligible to receive unless Contractor has furnished to the Office an acceptable plan for distributing fifty percent (50%) of the bonus payments to the Contractor's health care providers and/or members. The plan for distributing fifty percent (50%) of the performance-related delayed payments to the Contractor's health care providers and/or members shall be due no later than thirty (30) calendar days after receiving notice of the Contractor's eligibility for performance-related delayed payments. The State will have thirty (30) calendar days to review the Contractor's plan. The Contractor shall respond to any inquiries from the State within ten (10) calendar days. The Contractor shall notify the State of any significant changes to an approved plan.

All plans for distributing bonus payments to providers and/or members pursuant to this paragraph must include timelines for distributing funds and indicate what percentage of the distributed funds will be allocated to providers and what percentage, if any, will be allocated to members. The plan must specify the provider types that will be receiving the funds and/or whether members will be receiving any funds. The plan must also specify what actions or achievements will qualify a provider and/or member for the incentive funds. The plan must also be consistent with state and federal law and approved by the Office prior to payment being made hereunder.

The Contractor shall redistribute fifty percent (50%) of the performance-related delayed payments it receives under this Attachment according to its State-approved plan within one hundred and eighty (180) calendar days of receipt of funds. No later than thirty (30) calendar days after redistributing the funds, the Contractor shall provide a report to the State, in the form and manner specified by the State, outlining the date all funds were redistributed, how the funds were redistributed, and any differences between the actual allocation of funds and the originally approved plan. Contractor's distribution of fifty percent (50%) of its performance-related delayed payments to providers and/or members may be subject to audit.

9. Disposition of Undistributed Incentive Payment Funds. In the event the maximum amount of the incentive payment funds available to all managed care plan contractors is not earned and distributed based on the performance of Contractor and/or other managed care plan contractors, the Office will retain the difference (hereinafter referred to as the "undistributed incentive payment funds"). The undistributed incentive payment funds, which may include unearned withhold funds forfeited by other managed care plan contractors, may be available to Contractor to fund all or a portion of quality improvement initiatives proposed by Contractor, subject to the conditions set forth in Section B.8 above. Such quality improvement initiatives may include, but are not limited to, healthcare IT initiatives (such as but not limited to incentives for provider adoption of electronic health records, e-prescribing and/or data sharing with the Indiana Health Information Exchange or other regional health information exchanges); cost and quality transparency initiatives; number of provider and member complaints handled; overall

HEDIS scores; PMP access; behavioral health and physical health integration initiatives; timeliness of claims payment; and clinical initiatives.

Any initiatives proposed to earn undistributed incentive payment funds must receive the written approval of the Director of the Office of Medicaid Policy and Planning. Any behavioral health and physical health integration initiatives proposed to earn undistributed incentive payment funds must also receive the written approval of the Director of the Division of Mental Health and Addiction. Payments of undistributed incentive payment funds are also dependent on Contractor meeting the following conditions:

- a. Meeting minimum standards of health outcomes in areas identified by the Office.
- b. Maintaining or improving results from the prior calendar year.

Contractor acknowledges that it does not have any right to undistributed incentive payment funds, and that the Office has full discretion to determine whether and the extent to which any such distributions will be made.

10. Non-Financial Incentives. In addition to the potential to earn incentive payments based on performance in the identified areas, the Office may establish other means to incent performance improvement.

The Office retains the right to publicly report Contractor performance. Information which may be provided in public reports includes but is not limited to Contractor's audited HEDIS report, Contractor's Consumer Assessment of Healthcare Providers and Systems (CAHPS) data, and information based on CRCS data or underlying encounter data submitted by Contractor. The Office intends to distribute information on key performance indicators to participating managed care plan contractors and the public on a regular basis, identifying Contractor's performance, and comparing that performance to other managed care plan contractors, standards set by the Office and/or external benchmarks or industry standards. The Office may recognize managed care plan contractors that attain superior performance and/or improvement by publicizing their achievements. For example, the Office may post information concerning exceptional performance on its website, where it will be available to both stakeholders and members of the public.

The Office may also revise its auto-assignment methodology during the Contract period for new members who do not select a participating managed care plan contractor. The new assignment methodology would reward those contractors that demonstrate superior performance and/or improvement on one or more performance measures described above. The Office may also make managed care plan contractor performance results available to new Hoosier Healthwise members during the primary medical provider (PMP) and managed care plan contractor selection process.